

**PUBLIC DISCLOSURE**

JUNE 19, 2001

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SPRINGFIELD STREET RAILWAY EMPLOYEES CREDIT UNION**

640 PAGE BOULEVARD  
SPRINGFIELD, MA 01104

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Springfield Street Railway Employees Credit Union prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of June 19, 2001.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."**

This examination was conducted utilizing three performance criteria applicable to industrial credit unions: 1) Average Loan to Deposit Ratio, 2) Lending to Borrowers of Different Incomes and 3) Fair Lending. The two geographical criteria (Credit Extended Inside and Outside the Assessment Area(s) and Geographic Distribution of Loans) were not considered as the institution defines membership by affiliation rather than location. According to the Massachusetts CRA regulation, 209 CMR 46.41, a credit union which identifies its membership by affiliation rather than residence may identify its membership as its assessment area.

The credit union's lending activity has displayed an upward trend during the period examined. The credit union's average loan to deposit ratio of 74.7 percent for the current examination period was found to meet the standards for satisfactory performance.

Lending to Borrowers of Different Incomes was also deemed to meet the standards for satisfactory performance due to the reasonable percentage of loans granted to low and moderate-income members.

The credit union has adequately addressed the fair lending guidelines set forth in the Division of Bank's Regulatory Bulletin 2.3-101. The credit union meets the standards for satisfactory performance in this category.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Springfield Street Railway Employees Credit Union is a state chartered credit union serving the employees and retirees of the Springfield Transit Management (Local 448) and Peter Pan Bus Lines.

As of December 31, 2000, the credit union had total assets of \$903,317, with total loans of \$595,239 or 65.9 percent of total assets. The net loan to deposit ratio, as of the same date, was 85.9 percent. Currently, personal loans account for 61.4 percent of the credit union's loan portfolio, followed by automobile loans which represent 36.6 percent.

The credit union does not originate residential mortgage loans. The credit union offers only personal and auto loans. The credit union originates loans of all amounts, and rates, terms and conditions are competitive with other credit unions of similar size and type.

The credit union has one office located at 640 Page Boulevard in East Springfield. Main office hours are from 8:00 a.m. to 4:00 p.m. Monday through Friday. The credit union has no Automated Teller Machines (ATMs) and no ATM cards are made available to its membership. However, members have 24-hour account access via telephone. Currently, the credit union has 459 members.

The credit union was last examined for compliance with the Community Reinvestment Act by the Commonwealth of Massachusetts Division of Banks as of July 2, 1998. That examination resulted in a CRA rating of Satisfactory.

### **Description of Assessment Area**

According to the revised Massachusetts Community Reinvestment Act Regulation, 209 CMR 46.41, a credit union whose membership is not based on residence may delineate its membership as its assessment area.

The credit union has defined its membership (per its by-laws) as: "Those who are employed by the Springfield Street Railway Company and the families of the employees of the Springfield Street Railway Employees Credit Union." Currently, the credit also makes membership available to the employees of Peter Pan Bus Lines and their families.

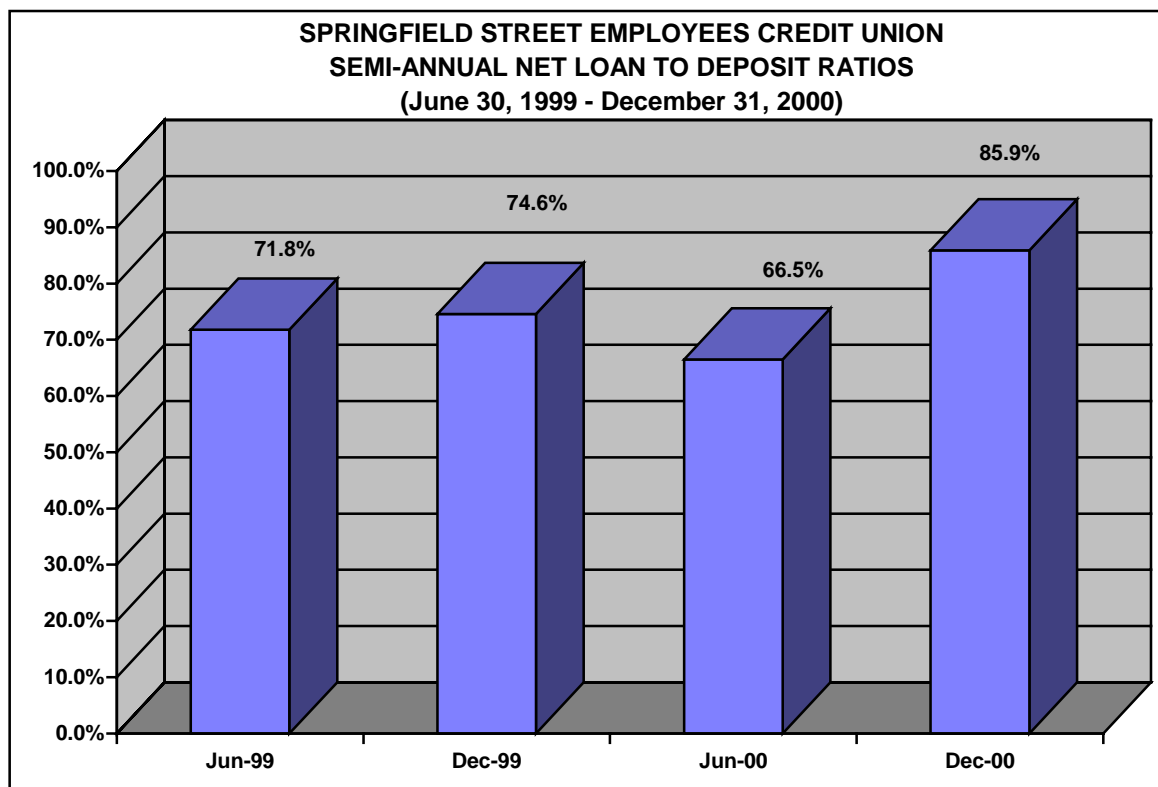
The location of the credit union places it within the Springfield Metropolitan Statistical Area (MSA).

## **PERFORMANCE CRITERIA**

### **1. LOAN TO SHARE ANALYSIS**

The first criterion analyzed Springfield Street Railway Employees Credit Union's net loan-to-deposit ratios for the period of June 30, 1999, through December 31, 2000. Using the credit union's semi-annual NCUA 5300 Reports, the average net loan-to-deposit ratio for this period was determined to be 74.7%. This ratio is based on loans net of the allowance for loan losses as a percentage of total deposits.

The following graph illustrates the loan to deposit trends.



Source: NCUA Call Reports

The credit union's loan to deposit ratio has fluctuated over the period reviewed, with a low of 66.5 percent in June 2000 and a high of 85.9 percent in December 2000. Management attributes these variations to a high volume of payoffs and an increase in automobile lending due to attractive interest rates at certain times.

Based on the above information and the credit union's capacity to lend, the types of loans available from the credit union, and the borrowing opportunities available for its membership, the credit union's net loan-to-deposit ratio is considered to meet the standards for satisfactory performance.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)**

The second performance criterion examines an institution's record of lending within its assessment area. According to the Massachusetts CRA Regulation 209 CMR 46.41 a credit union whose membership is not based on residence, such as the Springfield Street Railway Employees Credit Union, may define its assessment area as its membership. Since Springfield Street Railway Employees Credit Union has elected to define its membership in this manner, no evaluation of lending inside the assessment area was conducted.

## **3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

The third performance criterion evaluates the extent to which Springfield Street Railway Employees Credit Union lends to members of different income levels.

The credit union extended 331 consumer loans in 1999, 372 consumer loans in 2000, and 51 consumer loans through June 19, 2001. The originations include personal and automobile loans. A sample of 75 consumer loans was taken in order to determine the distribution of credit based on the income level of borrowers. All of the consumer loans sampled were extended to borrowers residing in the Springfield Metropolitan Statistical Area (MSA). The originations were categorized by the ratio of the applicant's reported income to the estimated 1999, 2000 and 2001 median family incomes of the Springfield Metropolitan Statistical Area (MSA), which are \$46,400, \$47,500 and \$49,700 respectively. The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the Metropolitan Statistical Area (MSA). Moderate income is defined as income between 50 and 79 percent of the median family income level for the MSA. Middle income is defined as income between 80 and 119 percent of the median income. Upper income is defined as income equal to or greater than 120 percent of the median income.

The information below indicates that 65.3% of consumer loan originations was granted to moderate-income borrowers, and 9.3% to low-income borrowers. By dollar amount, 53.7% was granted to moderate-income borrowers and 1.1% to low-income borrowers.

Refer to the following tables.

**Consumer Loan Origination Sample by Income of Borrower by Number**

% OF MEDIAN MSA INCOME	1999		2000		Y-T-D 2001		TOTAL	
	#	%	#	%	#	%	#	%
<50%	6	24.0	1	4.0	0	0.0	7	9.3
50% - 79%	12	48.0	16	64.0	21	84.0	49	65.3
80% - 119%	7	28.0	5	20.0	2	8.0	14	18.7
120%<	0	0.0	3	12.0	2	8.0	5	6.7
<b>TOTAL</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>75</b>	<b>100%</b>

Source: In-house records 1999, 2000 and year-to-date June 19, 2001

**Consumer Loan Origination Sample by Income of Borrower by Dollar Amount**

% OF MEDIAN MSA INCOME	1999		2000		Y-T-D 2001		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	0	0	4	3.5	0	0	4	1.1
50% - 79	45	25.7	67	58.2	113	87.6	225	53.7
80% - 119%	81	46.3	23	20.0	7	5.4	111	26.5
120%<	49	28.0	21	18.3	9	7.0	79	18.7
<b>TOTAL</b>	<b>175</b>	<b>100%</b>	<b>115</b>	<b>100%</b>	<b>129</b>	<b>100%</b>	<b>419</b>	<b>100%</b>

Source: In-house records 1999, 2000 and year-to-date June 19, 2001.

It should be stated that consumer loans typically consider the income of only one borrower; however, the above analysis compares the income to median family income which has the effect of emphasizing low and moderate-income borrowers.

Based upon the analysis of consumer loans by borrower income, it appears that the credit union's lending is adequately distributed to borrowers of various income levels, including those of low and moderate-income. Therefore the credit union is considered to meet the standards for satisfactory performance in this category.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

The Massachusetts CRA regulation 209 CMR 46.41 allows a credit union whose membership by-laws provisions are not based on residence to designate its membership as its assessment area. Therefore, since Springfield Street Railway Employees Credit Union has defined its assessment area as its membership, as opposed to a geographical area, an evaluation of credit extended within defined geographic areas was not conducted.

#### **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

##### **REVIEW OF COMPLAINTS**

Springfield Street Railway Employees Credit Union has not received any complaints related to its CRA performance since the previous examination. However, the Credit union has procedures in place should any consumer complaints related to CRA be received.

##### **FAIR LENDING POLICIES AND PRACTICES**

The credit union's small size and resources limit the extent to which it can address the requirements of the Division of Bank's Regulatory Bulletin 2.3-101. Credit products are limited due to the institution's size. Outreach and marketing activities take place although resources also affect them. The credit union provides brochures in its main office and also places brochures in various areas frequented by membership including the Springfield Transit Management facilities as well as Peter Pan Bus Lines facilities to continuously inform members of products and services offered. The credit union's staff training is adequate. The institution has developed a second review process in which all loans considered for denial are referred by the Credit Committee to the Board of Directors prior to issuing a written notice of denial.

The criteria for the various types of credit offered was reviewed during the examination, as well as the procedures for completing a loan application, and no practices intended to discourage applications were found. Based on the foregoing information, the credit union meets the standards for satisfactory performance in this category.

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**SPRINGFIELD STREET RAILWAY EMPLOYEES CREDIT UNION**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JUNE 19, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_



## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.